

Problems Concerning the Social Development of South Korea¹⁾

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Theme of this report

Viewing the progress of Korea for nearly thirty years from a neighboring country, the economic growth and social changes that Korea has experienced over the previous forty years should be seen as surprising. Although those that observed Korea were cool at the beginning and there was some criticism that the development of Korea is dependent, the way the world looks at Korea has changed to one of pure praise since the developments of the mid-1980s and democratization in 1987. However, the economic crisis of 1997 has resulted in the economic developments of Korea and other Asian nations coming under some criticism from a social viewpoint. Crony capitalism, nepotism, kwanshi-ism and so on, have supported economic growth in some senses, but these non-Western social relations have become the subjects of criticism.

This report aims at pointing out the issues of Korean social development from the viewpoint of the Japanese who, like Korea, have accomplished non-Western development. This report also aims at considering how this issue should be related to the characteristics of economic development, and at suggesting in which direction the social development of Korea might be concerned from now on.

Below are the problems discussed in this report.

1. Regional differences and sentiments
2. Urban and rural areas
3. Problems of the aging society and the

support of senior citizens

4. Labor-management or labor-capital relations
5. Recent issues

Among these topics the report will stress mainly the first: "Regional differences and sentiments".

Basic Framework and Concept

Before moving to further discussion, it is better to present a basic framework and concept for the study of Korea's social development. This is the framework of sociologist Ken'ichi Tominaga, who has studied Japanese modernization. Below is a detailed explanation of this framework and an attempt to adapt it to the case of Korea.

According to Tominaga, Asian societies like Korea or Japan have experienced an entirely different modernization process from that of Western societies. Tominaga followed Talcott Parsons' schema and categorized society into the sub-systems of culture, society, politics, and economy and then organized the pattern of social change in the following manner.

Tominaga stated that the modernization of the Western world developed first with a cultural change which began with the Renaissance. Then the reformation brought about a social change, and then there was political change that was the result of a citizens' revolution. Lastly the Industrial Revolution took place. In short, the establishment of a civil society based on the individual took place before the Industrial Revolution. From the beginning, the uplift of

economic activities, which was brought about by the Industrial Revolution, expected the independent individual as one of its preconditions.

On the other hand, Korea and Japan followed an entirely opposite process of modernization from Western societies. At the time of their Industrial Revolution (Japan at the end of the nineteenth century, Korea in the middle of the twentieth century), the two countries had not yet experienced cultural, social or political revolutions²⁾. Moreover, Japan was under pressure from the Western Great Powers, and Korea had to protect its sovereignty under the twin pressures of global capitalism and antagonism with North Korea. In another words, Korea had to rush its national formation. The economic growth of the two countries was pushed forward under these conditions. Economic growth was the top priority in both societies and change in politics or society was not an urgent priority. Instead, the government selected the route of retaining traditional values and social order and consciously grafting economic reform onto it. This selection was effective in concentrating the resources that were necessary to push forward economic growth. Growth under the leadership of the government and the development of *zaibatsu* are good examples of this. However, as economic development progressed, these developments caused frictions in social development. The frictions were sharper the more rapidly economic growth proceeded and the later it began (Hattori, 1999a).

There is a strong doubt as to whether Korean society will be totally westernized or not if economic growth proceeds further. In the case of when a society with a long history and strong culture, like Korea or Japan, tries to take in Western values, regardless of its degree, it cannot be avoided that such a “graft-

ing” will continue for a considerably long time. These insights toward history are required for proceeding with discussing social developments.

Regional Differences and Sentiments

In the summer of 1997, I did a survey on Korean Canadians in Toronto, Canada. There is an association of Koreans called the “Koreans’ Association of Toronto”, and it has a very interesting history. Koreans have been emigrating to Toronto since the mid-1960s. At first people from Kyongsang-do and Cholla-do each formed their own association. These associations were gradually integrated into a single organization called the “Koreans’ Association” because the second generation people were unconnected with the homeland sentiment which the first generation immigrants strongly possessed, and also the first generation were anxious that a Korean organization would not continue without the participation of the second generation. Then, why do the second generation not possess the “regional sentiments” that the first generation have? This question can be answered by observing the jobs and living environment of Koreans in Toronto. Many of the first generation work hard to run small corner and laundry shops, and have their children educated, and many of these children turn out to be specialists such as doctors and teachers. Moreover, the second generation do not have a “native land” that they can talk about. Further, in Canada, people do not depend on the government to make a living (Hattori, 1999 b). Qualifications, more than anything, are necessary to become doctors and teachers, and the qualifications are achieved with their own effort. In some cases, to become doctors and teachers in Korea, human relationship might be necessary for promotion after achiev-

ing qualifications. In Canada however, it is not necessary as in their mother country.

Thus, the reason why regional sentiments become an issue in Korea is because there is some kind of an advantage, or people think that there might be an advantage, if they develop human relationships. Also, it is natural for Koreans to think that because the economic growth of Korea was led by the government and the resources were concentrated in the government's hands, relations with a government official at the time of getting a loan or introducing foreign capital would bring a favorable outcome.

More fundamentally "the structure of trust" exists at the base of Korean society (and also in Eastern societies). In a society that does not possess a relationship of mutual trust which mortgages "the agreement with God", humans are the ones who would mortgage their trust. In order to connect A and B with some kind of a dealing relationship, A can trust B if there is a common acquaintance called C. Moreover, the more people there are that can secure that trust, the more that trust grows. These acquaintances are provided from ties of region and school. The most basic factor of why the personal ties of home region and school are regarded as being so important in Korea is in "the structure of trust" which is based on acquaintance relationships (Hattori, 1999a).

Regional Differences

Up until now, regional differences were thought to exist between Kyongsang-do and Cholla-do. There is a theory which explains the cause originating more than thousand years ago, in the era of the Shilla and Paeché. It is also said that, in the process of economic development, leaders were provided from

Kyongsang-do, and the people who supported the leadership took, as mentioned before, advantage of "the structure of trust". Are these theories really appropriate? Let's investigate this issue with a chart.

〈Population and population migration〉

Figure 1 is the census of 1970 to 1995, indicating population by province. During this period, the big cities were formed and were turned into Tokpyol-shi (special city) and Chikkwal-shi (directly administered city). Although it may be difficult to observe, for those cities were separated from "do", the increase in population is certainly remarkable in Seoul and Pusan, where the population has almost doubled. Looking at the figure from the viewpoint of Kyongsang-do and Cholla-do, in the same period the population of Chollanan-do including Kwangju had decreased from 6.64 million to 5.72 million while Kyongsang-do had increased from 7.68 million to 8.76 million. Although this should not be ignored,

Figure 1 Population by Province

Thousand persons

	1970	1975	1980	1985	1990	1995
Total	31466	34707	37436	40448	43411	44609
Seoul	5536	6890	8364	9639	10613	10231
Pusan	1880	2453	3160	3515	3798	3814
Teagu				2030	2229	2449
Inchon				1387	1818	2308
Kwangju					1139	1258
Taejon					1050	1272
Kyonggi	3358	4039	4934	4794	6156	7650
Kangwon	1866	1862	1791	1725	1580	1466
Chungbuk	1481	1522	1424	1391	1390	1397
Chungnam	2860	2949	2956	3001	2014	1767
Chonbuk	2434	2456	2288	2202	2070	1902
Chonnam	4006	3984	3780	3748	2507	2067
Kyongbuk	4559	4859	4955	3011	2861	2676
Kyongnam	3120	3280	3322	3517	3672	3846
Cheju	365	412	463	489	515	505

Source : NSO, Major Statistics of Korean Economy, 1999. 9

this change is not the most important issue when it is compared to the great changes of the distribution of the Korean population. Observing changes in population migration (see figure 2), the net migration rate of both Kyongsang-do and Cholla-do have been negative almost all the time. Besides, the net migration rate of Cholla-do is expected to show a negative figure. On the other hand, Kyongsang-do, although it may show a slight change, is expected to show positive a net migration rate. This is relating to the following issue of industrial structure.

<Industrial structure>

Figure 3 indicates how mining and manufacturing establishments are placed in each region. There were about 80,000 of these establishments in Korea in 1998 and the region with greatest number was Kyonggi-do with about 27%. Next was Seoul with

Figure 3 Summary of Mining and Manufacturing
Number of establishments

	1990	1995	1998
Total	70455	97284	80315
Seoul	17523	20295	14885
Pusan	7076	9546	8220
Teagu	4826	7240	5811
Inchon	4424	7680	6100
Kwangju	806	1226	1146
Taejon	998	1464	1018
Ulsan		978	894
Kyonggi	18315	25694	21813
Kangwon	1221	1540	1243
Chungbuk	1173	2195	2067
Chungnam	1823	2843	2521
Chonbuk	1976	2399	1998
Chonnam	2441	2771	2347
Kyongbuk	3285	4967	4363
Kyongnam	4335	9137	5627
Cheju	233	309	262

Source : NSO "Regional Statistics Yearbook" 1991, 1996, 1999

Figure 2 Domestic migration in Korea

	1970~1975		1975~1980		1980~1985		1985~1990		1990~1995		1995~2000*	2000~2005*
	Increase Rate	Net-Mig. Rate	I. Rate	N-M. Rate	I. Rate	N-M. Rate	I. Rate	N-M. Rate	I. Rate	N-M. Rate	N-M. Rate	N-M. Rate
Seoul	24.5	10.3	21.4	6.8	15.3	3.2	10.1	-0.4	-3.6	-8.7	-19.6	-15.2
Pusan	30.6	11.0	28.8	11.5	11.2	3.0	8.1	0.6	0.4	-6.0	-11.9	-10.3
Taegu					26.4	8.0	9.8	3.5	9.9	0.9	-5.2	-4.7
Inchon					28	15.4	31.1	13.1	27	8.9	5.4	3.4
Kwangju							25.7	5.7	10.4	4.7	0.5	0.1
Taejon							21.2	9.8	21.2	12.8	7.6	5.6
Ulsan											4.5	3.3
Kyonggi	20.3	8.0	22.2	10.9	24.5	13	28.4	11.9	24.3	15.2	24.8	15.5
kangwon	-0.2	-6.9	-3.8	-10.8	-3.7	-8.9	-8.4	-11.1	-7.2	-6.7	-3.0	-2.0
Chunbuk	2.8	-6.2	-6.4	-10.7	-2.3	-7.9	-0.1	-4.9	0.5	1.1	2.6	2.1
Chungnam	3.1	-6.2	0.3	-6.3	1.5	-5.8	-5.7	-9.4	-12.3	-4.1	4.8	4.1
Chonbuk	1.0	-6.3	-6.9	-10.4	-3.7	-9.4	-6.0	-9.0	-8.1	-4.5	-5.2	-3.6
Chonnam	-0.6	1.7	-5.1	-10.2	-0.8	-8.7	-11.8	-11.9	-17.6	-9.4	-6.5	-4.8
Kyongbuk	6.6	-2.3	2.0	-3.1	-10.1	-11.1	-5.0	-7.3	-6.4	-2.6	0	0.3
Kyongnam	5.1	-4.5	1.3	-3.0	5.8	-1.1	4.4	-0.3	4.7	2.3	1.1	0.7
Cheju	12.7	-4.3	12.4	-0.7	5.6	-1.6	5.3	-0.8	-1.8	0.4	-1.4	-0.7

Source : NSO, Social Indicators in Korea, 1991

NSO, Reagional Statistics Yearbook, 1999

Note : 1995-2000, 2000-2005 are prospected data.

18.5%. Kyongsang-do had about 10,000 establishments and its ratio was 12.4%, compared to the 5.4% of Cholla-do which had only 4,345 establishments. Considering that manufacturing industry was the main support for economic growth during this period, this difference is significant. Also, according to figure 4, 61.4% of the establishments in Kyongsang-do and 70.4% of those in Cholla-do are small companies with less than 19 employees. A great number of small companies are found especially in Chollanam-do. There are 98 large-scale establishments with more than 500 employees in Kyongsang-do but only 25 in Cholla-do. Moreover, age differentials by scale and gap in value-added production are large in Korea. Thus the great difference in the scale of establishments is meaningful.

〈Employment structure and Gross Regional Domestic Product〉

The Korean employment structure on the whole has shown a striking decrease in agriculture, forestry,

and fishery which fell to 11.3% in 1997 (in 1998, it increased to 12.4% due to the influence of the economic crisis, but this is probably a temporary figure). However, Chollabuk-do had more than 30% and Nam-do over 40% working in this sector. The employment rate of agriculture, forestry, and fishery of Chollanam-do is the highest in country. On the other hand, in the case of Kyongsang-do, buk-do (north) has over 30% but nam-do (south) remains below 20%. Although both numbers of Kyongsang-do are higher than the national average, it is obvious that Cholla-do is higher (see figure 5).

As a result, in 1997, the GRDP of Kyongsang-do, including Taegu was 97 trillion won, and Cholla-do including Kwangju was only about 49 trillion won, which is almost half of the GRDP of Kyongsang-do. However, the per capita GRDP of Chollanam-do is slightly exceeding that of Kyongsang-do, and is at a fairly high level. On the other hand, Chollabuk-do remains pretty low with its per capita

Figure 4 Mining and Manufacturing by Employment Size (1998)

	5~9	10~19	20~49	50~99	100~199	200~299	300~499	500+
Total	36816	21340	14774	4315	1868	520	309	373
Seoul	8856	3665	1807	326	143	39	23	26
Pusan	4444	1918	1252	401	129	40	18	18
Teagu	3054	1401	905	302	99	24	13	13
Inchon	2416	1809	1281	354	142	50	20	28
Kwangju	522	311	207	62	23	5	5	11
Taejon	492	234	155	74	39	9	7	8
Ulsan	184	222	266	98	60	23	12	29
Kyonggi	9523	6226	4089	1173	538	125	72	67
Kangwon	483	364	277	65	30	7	7	10
Chungbuk	623	555	534	187	97	29	24	18
Chungnam	742	715	647	217	122	38	18	22
Chonbuk	736	557	477	120	67	19	9	13
Chonnam	1183	581	395	119	35	16	6	12
Kyongbuk	1526	1141	1059	351	171	31	43	41
Kyongnam	1897	1572	1375	458	171	65	32	57
Cheju	135	69	43	8	2	0	0	0

Source : NSO, Regional Statistics Yearbook 1999

Figure 5 Employment by Industry 1998

Thousand Persons

	Agri. Fo. Fi	Min. Manuf.	SOC
Total	2480	3919	13595
Seoul	14	835	3603
Pusan	39	374	1190
Teagu	33	255	730
Inchon	12	315	666
Kwangju	32	66	395
Taejon	17	75	442
Ulsan	15	168	242
Kyonggi	235	855	2504
Kangwon	145	57	445
Chungbuk	173	113	352
Chungnam	349	111	408
Chonbuk	232	94	499
Chonnam	429	95	495
Kyongbuk	449	215	666
Kyongnam	230	282	793
Cheju	76	9	164

Source : Same as Figure 4

GRDP reaching a little more than 70% of nam-do and less than half of Kyongsangnam-do. In this respect, it cannot be simplified to just Kyongsang-do versus Cholla-do, but still we should mention that the differences do exist (see figure 6).

〈Educational attainment and occupation〉

Observing Kyongsang-do and Cholla-do from the viewpoint of the educational attainment of employees, considerable differences can be seen. Figure 7 indicates the composition by educational background of employees. More than 40% of the workers of Chollanam-do have only a primary education and only about 10% have graduated from college or graduate school. In comparison to this, a little more than 20% of the Kyongsangnam-do workers have a primary education, and those with a college or higher level have reached 20%. In the case of Chollabuk-do, 20% are college graduates but at the same time those with primary number over 30%. The educa-

Figure 6 Gross Regional Domestic Product (At Current Prices)

1997

Million Won

	GRDP	Per capita GRDP
Seoul	97946893	9.49
Pusan	27759757	7.224
Teagu	16065791	6.414
Inchon	21148848	8.465
Kwangju	9986204	7.441
Taejon	9734964	7.234
Kyonggi	78471709	9.007
Kangwon	12374051	7.955
Chungbuk	15325459	10.29
Chungnam	19375019	10.095
Chonbuk	15459265	7.674
Chonnam	23158037	10.652
Kyongbuk	28849256	10.23
Kyongnam	52073449	16.902
Cheju	4466286	8.353

Source : Same as Figure 4

Figure 7 Employed Persons by Educational Attainment

1998

Thousand Persons

	Under primary	Middle	High	College & over
Total	3766	2932	8598	4698
Seoul	416	574	2026	1437
Pusan	201	270	751	382
Teagu	148	166	443	261
Inchon	102	152	525	214
Kwangju	72	67	212	142
Taejon	75	74	226	158
Ulsan	45	58	235	87
Kyonggi	447	517	1711	919
Kangwon	181	108	259	99
Chungbuk	204	95	238	101
Chungnam	352	136	266	112
Chonbuk	271	118	275	161
Chonnam	452	137	313	116
Kyongbuk	156	213	456	205
Kyongnam	283	213	558	252
Cheju	60	33	104	52

Source : Same as Figure 4

tional standard of the workers in Cholla-do is, apparently, low when compared to the nationwide aver-

Figure 8 Employment by Occupation

	1998								
	Thousand Persons								
	1	2	3	4	5	6	7	8	9
Total	511	1103	2121	2418	4736	2364	2540	2093	2108
Seoul	178	366	695	650	1215	13	661	269	406
Pusan	43	76	147	206	446	29	303	167	187
Teagu	26	48	90	134	280	33	158	139	111
Inchon	19	33	138	126	225	12	176	161	103
Kwangju	11	39	56	59	124	28	58	60	59
Taejon	11	44	49	77	157	16	62	54	63
Ulsan	7	22	42	58	90	14	60	92	40
Kyonggi	93	27	489	515	752	208	443	431	450
Kangwon	16	25	39	63	172	139	70	50	71
Chungbuk	8	32	50	58	129	168	57	72	72
Chungnam	11	37	32	69	153	332	77	76	86
Chonbuk	10	31	61	79	179	230	84	68	78
Chonnam	11	44	59	63	176	414	86	86	94
Kyongbuk	24	56	84	99	251	440	91	186	111
Kyongnam	41	8	77	133	337	219	138	159	146
Cheju	3		13	30	53	70	16	23	32

1=Legislators, senior officials 2=Professionals 3=Technicians and associate professionals 4=Clerks
 5=Service workers 6=Skilled agri. & fishery workers 7=Craft and related trades workers
 8=Plant and Machine operators and assemblers 9=Elementary occupations
 Source : Same as Figure 4

age (less than 20% with primary, about 15% with middle school, and more than 20% with college education). This is a natural outcome since the industry of Cholla-do has been tending towards primary industry, still this difference cannot be overlooked.

Although it is the result of differences in educational standards, in the case of Cholla-do, according to figure 8, it is evident that the ratio of legislators, senior officials and professionals, appearing as 1 and 2 in diagram 1, is small. A similar situation can be seen also in Kyongsang-do. Legislators, senior officials and professionals are concentrated in urban areas such as Seoul, and there are no great differences between Kyongsang-do and Cholla-do.

By looking at the above economic and other related indicators, differences can be seen between Kyongsang-do and Cholla-do, however it is not a

critical issue.

Regional Sentiments

This issue is extremely sensitive and may not be a topic that foreigners should attempt to tackle. It is difficult to discuss why regional sentiments were formed, but by looking back in history, the above-mentioned "structure of trust" is deeply related. Korean villages were formed as same name villages (dongjok-chon) and persons with the same names were not supposed to marry in Korea. As a result of this, marriage inside the village was extremely rare. Marital relations were tied up outside of the village and their range was limited to neighboring areas, and they rarely crossed over into neighboring provinces (Kim, Taek-kyu 1961). While citing the results of this research about Korea, I presented a hypothesis that

the “visible world” was formed at a county level and the relations of relatives, in-laws and acquaintances were tightly formed within that world (Hattori, 1992). Since the mid-1960s, many high schools were founded in each region of Korea. Because the construction of high schools was carried out by district units, this had the effect of strengthening school ties (Hattori, 1992).

According to data, regional sentiments in Korea have become more intense since the era of President Park. Looking at the origins of administrative leaders before the Park era, although there might have been some influence from the fact that educational standards were low at the time and highly educated personnel were rare, the origins of administrative leaders shows an uneven spread. In the era of Lee Sun-Man for example, of the administrative directors and vice-ministers of early 1959, 7 people out of 24 were from the “north region”, the homeland of President Lee, 2 from Hwanhae-do, 6 from Kyongsang-do, 5 from Seoul, and 2 from Cholla-do, Chunchon-do and Kanwon-do. In the era of Chan Myon (in 1961) 8 were from Kyongsang-do, 6 from Cholla-do and Chunchon-do, 5 from Kanwon-do, and 2 from Seoul. However, since the era of Park, out of 30 administrative leaders, 13 were from Kyongsang-do, 8 from the “north region”, just 3 from Cholla-do. Moreover, 2 out of the 3 that were from Cholla-do were originally from the military (Hattori, 1986). It seems that the composition of military general officers and the presidential secretariats continued to obviously tend toward Kyongsang-do, the homeland of the president. This can also be seen in the early stage of President Chun’s era. The members of “National Security Committee” and its “Sub-committee” also tended to come from Kyongsang-do. Out of 20

members of “National Security Committee” with an identifiable homeland, 11 were from Kyongsang-do and there were none from Cholla-do. Also in “Sub-committee”, out of 62 people with home regions, 34 were from Kyongsang-do, 15 from Seoul and only one from Cholla-do.

A similar phenomenon is seen among the members of the Presidential secretariats. What is interesting is that by looking at the members of the Presidential secretariats on a longitudinal basis, trends in personnel changes can be seen. People are promoted from regions other than Kyongsang-do at a time when the country is not facing any pending domestic or overseas matter. At a time of crisis (for example : after the assassination of President Park), personnel changes are regionally inclined (Hattori, 1992). This suggests that the aforesaid “structure of trust” has strong effects on Korean society. It seems that ever since the liberation, Korean society has undergone many eras of crisis, and each time “trust” was reconsidered, therefore amplifying regional sentiments.

By looking at voting behavior, it is easy to recognize that the recent presidential election of Kim Dae-Jun was an extraordinary “regional election.” As indicated in figure 9, the rate of the captured vote exceeds over 90% in Kwangju city, Chollanam-do the homeland of President Kim. Compared to the Kim Young-Sam era, it seems like more non-Kyongsang-do personnel are promoted in the Kim Dae-Jun era, however, I would not discuss this any further for I have not yet analyzed the issue in detail.

As long as the above-mentioned “structure of trust” exists, it might be difficult for regional sentiments to disappear. However, the fact that the range of personnel promotion has widened during peacetime, and if there is a process to decrease the degree

Figure 9 Result of 15 th Presidential Election

Unit : Persons, %

	Kim, Daejun	Li, Whaechan	Li, Injae	No. of Voters	Voting Rate
Seoul	44.9	40.9	12.8	7358547	80.4
Pusan	15.3	53.3	29.8	2692311	78.9
Taegu	12.5	72.7	13.1	1707338	78.9
Inchon	38.5	36.5	23	1639655	80
Kwangju	97.3	1.7	0.7	870554	89.9
Taejon	45	29.2	24.1	881474	78.6
Ulsan	15.4	51.4	26.7	654125	81
Kyonggi	39.3	35.5	23.6	5707087	80.5
Kangwon	23.8	43.2	30.9	1077853	78.5
Chunbuk	37.4	30.8	29.4	1015921	79.3
Chunnam	48.3	23.5	26.1	1330627	77
Chonbuk	92.3	4.5	2.1	1391537	84.3
Chonnam	94.6	3.2	1.4	1519292	87.3
Kyongbuk	13.7	61.9	21.8	1988379	79.2
Kyongnam	11	55.1	31.3	2094036	80.2
Cheju	40.6	36.6	20.5	361680	77.1
Total	40.3	38.7	19.2	32290416	80.5

Source : Chung-an Ilbo Dec. 20, 1997

of the profits being distributed through human relations, there is a possibility for regional sentiments to fade away just like I have experienced in Toronto.

Urban and Rural Areas

As mentioned earlier, the rapid economic growth of Korea has brought rapid population migration from rural to urban areas. According to some estimates, the annual average of migration to urban areas was a little less than 300,000 people in the early 1960s. By the late 1960s, it had increased to just short of 600,000 and it had slightly settled down to 500,000 by the early 1970s. However, it is estimated that migration had increased to 660,000 by the late 1970s when the heavy and chemical industries really started their growth. Also a similar migration occurred in the early 1980s (Kuramochi, 1987). All told, there was a migration of about 12 million to urban areas during

this period. Although there is no data to hand concerning the age groups of the migration, according to "Annual Report on the Internal Migration Statistics" of 1997, the majority of migrating people, with a peak of those from 25 to 29 years old, were of the comparatively young age group of those in their 20s and 30s.

As a result, the age composition of urban and rural areas has also changed. Setting 50 years-old as the standard and looking at the data from 1990, the percentage of the older age group is 12.3% in urban areas but it exceeds 20% in rural areas. Urban and rural percentages have a difference of about 10%, and senior citizens have a tendency to be concentrated in rural areas. It can be stated that this trend is proceeding even more rapidly

This situation has brought about an increase in the number of households with one or two members. In urban areas in 1995, the number of single households stood at 11.8%, two person families at 14.5%, and the majority of 34.5% were families of 4 or more. In rural areas, 2 person families reached the majority of 24.9% while single person households stood at 15.6%. This means that, 40% of households in rural areas are composed of one or two persons. Looking at this issue by generation, households composed of married couples make up only 9.6% of households in urban areas but 23.1% in rural areas. As a result, if we include age composition, there is the reality that older people are either living alone or living only with a spouse. This is related to the following issue of senior citizen support.

There are many indicators pointing out the differences in living conditions between urban and rural areas. As mentioned before when referring to the educational backgrounds of workers, there are clear

differences in educational attainment between urban and rural areas. According to research done by Kuramochi, 29.1% of males and 21.8% of females who had moved from villages into urban areas were students. They would be educated in the city and probably stay there. Just as G. Henderson called Korean society as a “Vortex Society”, Korean society has an extremely strong centralizing tendency. Once individuals aim at the center either for educational or other reasons, it is extremely rare for them to leave the center of their own free will. In this way, humans, money, services, and so on are drawn into the center. The fact that differences appear between urban and rural areas in Korea is an issue relating to the essence of the social structure.

I would give one example. Figure 10 shows the rate of spread of regional public water supply and

Figure 10 Public Water Service and Sewerage Supply
unit : %

	Public Water Service			Sewerage Supply	
	1990	1995	1998	1991	1998
Total	90.9	82.5	85.2	35.7	65.9
Seoul	99.6	99.9	100	95.4	98.6
Pusan	97.6	97.4	97.9	43.1	69.4
Teagu	98.1	98.1	98.9	24.7	90.6
Inchon	97	95.2	96.1		85.5
Kwangju	96.6	93.2	94.8	69.6	94.2
Taejon	94.5	93.5	93.8	37.1	90.3
Ulsan			84.3		19.5
Kyonggi	90.1	82.9	85.9	15.4	70.5
Kangwon	79.9	74.4	77.9	10.4	36.7
Chungbuk	73.9	63.7	68.1	0.1	59.3
Chungnam	63.5	43.2	49		22.9
Chonbuk	75	65.4	70.3	6.7	34.8
Chonnam	76.9	47.5	54.1		10.9
Kyongbuk	73.4	60.2	66.2	10.1	38.8
Kyongnam	80.2	70.3	71.1	0.5	25.1
Cheju	100	99.9	100	1.1	61.8

Source : NSO, Regional Statistics Yearbook, 1993, 1998, 1999

sewerage services. In the case of the public water supply, the rate reaches nearly 100% in the big cities by the 1990s. On the other hand, still in 1998, the rates in rural areas, like Chunchon-do, cholla-do, kyonsang-do, and so on are 70% or below. The rate of spread is even lower for sewerage services, being from 10% to 30% in general in rural areas.

This is just one example. During the period of rapid economic development, investments were concentrated in industrial and urban sectors, but it is necessary to rectify the differences in order to achieve a mature society in the future. The basic solution would be an “easing of the vortex society”.

The problem of the aging society and of support for senior citizen

The problem of the aging society is not yet so serious in Korea. The rate of the population over 65 years old, in 1995, still remains at only 5.92% of the total population. However, according to population estimates, the population of over 65 s will exceed 10% by 2015, and 14%, one of the main indicators of an aging nation, by 2025. By the year 2030, the percentage will reach 20% (see figure 11). Although there is still time, the systems of health insurance and pensions for these senior citizens are still very

Figure 11 Population Projection
Korea (Thousand)

	Total(a)	~ 14	15 ~ 64	65 ~ (b)	b/a%
2000	47275	10233	33671	3371	7.13
2005	49123	10421	34450	4253	8.66
2010	50618	10080	35506	5032	9.94
2015	51677	9515	36316	5846	11.31
2020	52358	9013	36446	6988	13.3
2025	52712	8633	35465	8613	16.34
2030	52744	8448	34130	10165	19.27

Source : NSO, Social Indicators in Korea, 1999

insufficient.

Now, I would like to refer to the issue concerning the support of senior citizens. As mentioned before, there is a possibility for seniors to concentrate in rural areas. In this case, who would take care of older parents who live far away from their children or who would bear the economic burden? These will be the great concerns. Korea will have to face under the influence of an exceedingly strong Confucianism. Therefore, the understanding that it is natural for children to take care of their aged parents is strongly implanted into children in society. Among them, the support of aged parents has been the role of eldest son, and it was general in the traditional inheritance system to take the amount of added-value of the eldest son into consideration. Since daughters were married into different families, in the traditional way of thinking, the support of aged parents was the role of the sons, especially the eldest son.

Now, how is this in reality? Let's take a look at the research results from the "Report of the Social Statistics Survey". In 1998, the percentage of household heads whose parents are still living was 66%, and 15.7% of them were living with their parents. Among them, 54.5% were living with their children. Of those living with their children, 30.8% of them were "living with the eldest son", 19.4% with "other sons", and 4.3% with a "daughter". As for the percentage of those living with children in urban and rural areas, rural areas stood at 29.3%, highly exceeding the 13.4% of urban areas. According to educational background, the rate drops as educational attainment rises. By age group, the older the child, so the rate of living with the parents rises. Compared to that of 1994, the rate of living with children is constant, but the rate of living with the eldest son de-

creases by 5.5%, and the rate of living with other sons increases by 4.5%. The data by urban and rural areas, or by educational backgrounds are not taken in the survey of 1994.

Next, relating to economic support, 58.2% of older people were supported by their children. The percentage of "supported by the eldest son" was 27%, reaching almost half of the proportion, 10.9% were cared by "another son", 8.9% were by "sons", and 9.6% by "sons and daughters". However, 41.9% were taking care of themselves. Classified by region, in rural areas 73% are supported by children. This rate is much higher than 55.8% for urban areas, while the majority of the gap are supported by the eldest son. According to educational background, as educational attainment gets higher, the rate of "caring for themselves" increases, moreover, this group makes up the majority among university graduates. By age group, as people get older, the proportion of "supported by children" increases and also the rate of "supported by eldest son" increases. Compared to 1994, it must be noted that the proportion of "caring for themselves" has increased by 4 points. Also, the rate of living with the parents of the spouse is only 1.7%, and the number is so little that it is not even taken into consideration.

Next, let's look at the consciousness of who should take responsibility for support. In 1998 (1994 in parentheses) "children" were 89.9(87.3)%, and among them "eldest son" was 22.4(19.6)%, "children who are capable" were 45.5(27.2)%, and "son and daughter" 14.5(29.1)%. The percentage of "caring for themselves" was only 8.1(9.9)% and "society and others" reached a mere 2.0(2.9)%. Comparing both years, the rate of "children who are capable" increased rapidly and "son and daughter" has decreased

rapidly. There are no differences by age group of those having the opinion that children have the responsibility to support their parents, but the older the age group becomes the more people think that the eldest son is responsible for support. According to educational background, the rate of people thinking the eldest son is responsible for support is high only among those with primary level education and below, and there are almost no differences among other groups.

According to these research results, regardless of age, educational background, or region, Koreans think that children are responsible for supporting their aged parents. However in reality, it is difficult to take responsibility by living with the aged parents. This situation is shown in the rate of living with children or parents. Also there are housing problems too. People think that children should bear the economic burden, but in reality, more than 40% of them must take care of themselves. The thought of dividing responsibility for support with society is very rare, however in real life, social aids are needed in many parts for those who live "on their own". Also, the reduction in the birth rate of children is advancing in Korea and it will become more difficult to support aged parents with the cooperation of brothers and sisters.

For as of now in Korea, the people might be thinking the problem of supporting the aged is one that the family should solve. It is necessary to gradually improve the social support system.

Labor-management relations or labor-capital relations

Among the things that became the target of the reform during this economic crisis, are the chaebols.

There are reasons as to why the chaebol reforms were emphasized, for it was the management crisis of the middle class chaebols that set off the economic crisis in 1997. Even if there was a problem in resource distribution, it cannot be denied that the chaebol played a great role in the process of economic growth. Under "Assembly Industry-led Industrialization", which the government stated as its economic development strategy, and an export-oriented industrialization, it was very important in a sense that economies of scale would ensure international competitiveness. However, it is undeniable that this strategy that encouraged the growth of large "Assembly Industry-led" enterprises has somewhat delayed the growth of the parts supply and machine industries that support the foundations of "Assembly Industry-led industrialization."

Moreover, the large enterprises that led economic growth, called chaebol, were a management body ruled by family and relatives. Generally, an enterprise is established by an individual or with a small group. Then, it will shift from being a "founder enterprise" to a "family enterprise", and in many cases it changes into a "management enterprise". As the enterprise has a history and expands its scale, people with professional experience are needed to manage the enlarged enterprise. By seeking growth beyond its limits, the possibility of obtaining efficient managers becomes more important than limiting the ownership range to family and relatives (Hidemasa Morikawa, 1996). In the case of Korean enterprises, it is natural that great numbers of "founder enterprises" and "family enterprises" exist, since their history is yet short. But rapid economic development has produced a number of huge enterprises with the same old management style. Although enterprises

and chaebols that are promoting professional managers do exist, the family as a functional capitalist owner and manager of the enterprise is the general pattern.

In this case, the relationship between management and workers is basically one of “labor–capital relations”. The reason why intense labor disputes occur frequently in Korea is because with the continuing long abnormal years of the relationship between labor and management, relations are not yet mature enough and also because it is basically characterized by “us” and “them” relations. Moreover, under such relations, even if the administrators had not been the proprietors, as E.O.Wright has stated, they are defined as “the representative of the proprietor” (Wright, 1979). If this idea is bound up with social prestige, the relationship between workers and management administrators, as in the slogans of democratization movement in 1987 saying “treat workers as humans”, would be completed.

Recent Issues

The unemployment rate–deterioration of income distribution

The problem here, which should be understood as being due to the economic crisis of 1997, is the rapid increase in the rate of unemployment. When the economy was in a good condition in 1995 and 1996, the unemployment rate nation–wide had achieved almost full employment of 2%. However after the crisis of 1997, it rapidly increased to 6.8% by 1998, and even to 7.8% in the case of non–farmers. It has been said that the unemployment rate decreased to 4% with the rapid economic recovery of 1999, but it is still at a high level judging from the standards of 1996. Thus, in what kind of occupations did unem-

ployment occur? In the 1999 Regional Statistics Yearbook, placing 1997 as the standard of 100, “Legislators and senior officials” were 94.7 in 1998, “Professionals” 97.1, “Technicians and associated professionals” 97.8, “Clerks” 94.0, Service workers and shop and sales workers” 97.3, “Skilled agricultural and fishery workers” 104, “Craft and related trades workers” 80.4, “Plant and machine operators and assemblers” 95.8, and “Elementary occupations” 89.2., The concentration of unemployment can be seen in “Craft and related workers” and, “Elementary occupations”. Also, a considerable number of people from the “Clerks” and “Legislators and senior officials” categories lost their job.

According to region, it has been said that the ratio was high in Kyongsangnam–do and Pusan,. Although the index was 94.7 as a nation, Kyongsangnam–do scored the lowest at 73.4, Kwanju 90.1, Seoul 90.7, Incheon 91.4, Pusan 94.1 and so on. After all, however, this means that “Craft and related workers” and “Elementary occupations” were most seriously affected. Also, according to educational background, the unemployment rate of high school graduates was the worst with 8.2%, followed by middle school graduates with 7.8%. These results correspond with the above analysis (“Social indicators in Korea” 1999).

As a result, the crisis brought about a deterioration in income distribution. According to the “Annual Report on the Family Income and Expenditure Survey”, the most remarkable aspect is that the value of the income of the fifth group divided by the income of the first group had deteriorated to 5.41 from 4.49 in 1997. Also, the “family budget surplus rate”, calculated by subtracting living expenditure from the disposable income of the family budget, was at a sur-

plus even among group one in 1994, but by 1997 it had fallen to minus 7.6%. According to some other data, income showed a marked contraction -14.5% for group one, -10.3% for group two, -8.1% for group three, -5.9% for group four, and only group five had increased to +3.4% during the 2 years of the crisis. The lower the class of income earner the greater the damaging effects of the crisis (Samsung Economic Research Institute, Nov. 1999). Yujiro Hayami has presented a "reverse U-curve hypothesis", saying that income distribution has a tendency to deteriorate in the process of economic growth (Hayami, 1995). However, Korea and Japan had been considered as the exceptions to this. These Korean figures of 1998 bring some doubt to this hypothesis.

Also, by observing real income, those with a family budget with a monthly income of less than 550,000 won had increased to 3.8% from 1.8% by 1997. In 1997, the majority had a family income between 1.95 million and 2.15 million won. However this had dropped to the range of 1.75 million to 1.95 million won by 1998. The mean decreased from 2.024 million won to 1.825 million won, and the average dropped from 2.287 million won to 2.133 million won. In this sense, it can be said that the crisis of 1997 had an extreme influence upon workers.

Before democratization in 1987, there were huge gaps in wages according to educational background, occupation, occupational position, and gender. But differences according to the scale of the enterprise were comparatively small. After the democratization, these huge gaps were reduced as the gaps by scale of enterprise have increased. Since many "Craft and related trades workers" and "Elementary occupations" lost their job in this crisis, it is a concern that wage differentials according to occupation might expand.

The increase in grass-roots movements

Ever since the modernization of Korea in 1987, grass-roots movements and social movements are increasing in size in various fields of the environment, education, women's rights and so on. In the late 1980s, the unions of the grass-roots movements "Association for Economic Justice" (Kyong-sil-ryon) and "Union for Participation" (Chamyo-yondae) developed extensively. This year, related to the congressional election in April, the "Union for election" (Seongo-yondae) and others released lists of unqualified Congressman in order to develop the "Election defeat movement" (Nakseon-undong). It is not for a foreigner to judge whether this movement would violate the Public Office Election Law, but it is a matter of concern that this movement is a "defeatist movement" instead of a "recommendation movement". And this is a matter for concern because the reason why the "Union for Participation" (Chamyo-yondae) and others can only develop "negative campaigns" is noted from a discussion presented in this report.

I have not been so well acquainted with grass-roots movements in recent years, and it cannot be distinguished at this point whether it is a citizen's movement in a real sense or an indication of the formation of communitarian type movements based on usual human relationship networks. Although the changing alliances of Korean political parties is bewildering, "who" is the leader is the theory that is carried throughout. Both the "People's Congress" (Kunmin whaewi) and the newly organized "Democratic Party" (Minju dang) are the parties of President Kim Dae-Jun, and the "Liberal Democratic Party" (Chamin ryon) is the party of Kim Jon-Pil. Political parties have been forming groups and caus-

ing severe strife in order to push their leader up to the center of power. If “grass–roots movements” have a similar group ethic to this, then isn’t this quite different from being a grass–roots movement? If being a “grass–roots movement” entails the free participation of an “individual” as the organizational unit, unlike the logic of a group structure until now, then it implies that a new way for Korean society has been discovered. I would like to keep an eye on this in future.

Conclusion

After reaching bottom in the summer of 1998, the Korean economy has accomplished a rapid recovery. This recovery has almost made us think that the circumstances of 1997 only originated from an unstable financial situation.

However, as pointed out in this report, there are plenty of problems to be solved in order for Korea to develop from now on. These problems are derived from traditional values, which a country with a long history like Korea has retained. The bankruptcy of the middle class chaebols which set this crisis off, was caused by vast bank debts. It was brought about by an opaque system of decision–making, which had almost invalidated the monitoring function of the banks. In order to prevent these situations and in order for the system to function effectively, the “principle of disclosure=security of transparency’ must be guaranteed and the direction must be changed from a “structure of trust”, which mortgages friendship, to a way where the system and the procedure themselves become the structure of trust. This means a departure from the “opaque but efficient decision–making system”, which had brought about growth up until now.

Perhaps, these disagreements can be seen as be-

ing between traditional values and the reality of how to confront the expected aging society. Although, in traditional values aged parents should be supported by the eldest son and the offspring, with the reduction in the number of children the burden would be imposed on the son. Moreover it is not easy to live with aged parents in city housing. The number of cases of those no being able to live with aged parents in the same place because of occupational circumstances is expected to increase. Apart from using traditional values, to solve these problems in actuality it might become necessary to prepare social welfare systems such as the pension system, retirement homes, nursing services, and so on.

Korean society, which Henderson called the “Vortex Society”, insists strongly on the “tendency toward the center”. The tendency of regionally aiming to the center, position–wise to the top, and power–wise to the hub, is creating social problems and making social development more difficult. It is necessary to proceed slowly towards “decentralization”.

NOTE

- 1) This paper was presented at OECD–Korea workshop on Territorial Development policies, at KDI, March 8–9, 2000. The author participated this workshop as the OECD territorial expert on Korea.
- 2) It is not accurate that there was not change before the modernization in both societies. In Japan, some capitalistic economic development was seen in the last half of the Edo period, and there were democratic social movement anti authoritarian Meiji government like Chichibu Uprising. Also in Korea, there was a movement to re–interpret Confusion theory. However, these movements were not the main streams in both countries.

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